



costs and encourage healthy lifestyles in the state employees group; 2) recommendations on implementing the primary care case management project to pay Medicaid fee-for-service providers a capitated rate for chronic disease management; 3) a plan for insurers to reward providers for controlling chronic conditions; and 4) recommendations for implementing a pilot program that will include diabetes and obesity prevention, intervention and case management in one under-served community. A report from the task force will be provided to the interim Legislative Health and Human Services Committee by June 30, 2009. Any unexpended balance remaining at the end of fiscal year 2009 shall revert to the general fund.

### **FISCAL IMPLICATIONS**

The appropriation included in SB 129 is not part of either the Executive or Legislative budget recommendation for FY09. The appropriation could be used for funding of staff and other associated costs for implementation, creation and support of the task force.

### **SIGNIFICANT ISSUES**

DOH notes that chronic diseases cause 6 out of 10 deaths in NM. Nearly 890,000 cases of seven common chronic diseases (cancers, diabetes, heart disease, hypertension, stroke, mental disorders, and pulmonary conditions) were reported in New Mexico in 2003. (The Milken Institute. *An Unhealthy America: The Economic Burden of Chronic Disease*. October 2007. <http://www.chronicdiseaseimpact.com/ebcd.taf?cat=state&state=NM>)

These conditions shorten lives, reduce quality of life, and create considerable burden for caregivers. The Milken Institute has estimated that between 2003 and 2023, NM could potentially save \$6.3 billion (or 26.4%) in direct medical costs and lost productivity due to chronic diseases if moderate changes toward prevention and screening are made. In Iowa, use of a Medicaid Primary Care Case Management program was associated with substantial cost savings (\$66 million) from 1989-1997, and this effect increased over time. Cost reductions may have been mediated by substituting outpatient care for inpatient care. (Health Services Research, ET Momany et al., Volume 41 Issue 4, Page 1357-1371, August 2006.)

DOH and HPC are already coordinating the development every four years of a comprehensive strategic statewide health plan which includes strategic objectives, goals and activities related to chronic disease among other topics.

### **ADMINISTRATIVE ISSUES**

The Secretary of Health would convene the HNMETF, requiring staff support to carry out the intent of this legislation including development of the five-year plan and the report. A temporary full-time health educator or comparable classification could be hired to oversee the HNMETF needs and recommendations in order to avoid taking existing staff away from their current duties.

### **OTHER SUBSTANTIVE ISSUES**

HSD notes that the Medical Assistance Division (MAD) has studied the possibility of implementing a PCCM program for many years and has thus far not found this option to be cost effective. With the majority of current recipients in managed care and others soon to be in a

coordinated program, there are, or soon will be, few true FFS expenditures.

Through its managed care program, Salud!, MAD mandates participation in disease management programs that include diabetes and obesity initiatives. The comprehensive plans include population identification, practice models, patient education and process/outcomes measurements.

In addition to the disease management programs for diabetes within the individual contractor plans, the MCO's has collaborated their efforts through participation in "New Mexico Healthcare Taking on Diabetes" initiative. This initiative includes provider education, development and implementation of best practices in management of diabetes statewide and improving patient outcomes

"Envision" is collaboration between MAD and the UNM Health Sciences Center, community practices and school based health centers. Initiatives include changing provider practices toward proactive identification and intervention of pediatric overweight clients and telehealth healthcare services to Native Americans with focus on obesity, nutrition and mental health.

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